



ARIZONA STATE SENATE
Fifty-Fifth Legislature, Second Regular Session

AMENDED
FACT SHEET FOR S.B. 1021

health care liens; limitation

Purpose

Prohibits certain entities that provide health care or ambulance services from recovering an injured person's medical payment coverage when asserting a lien or assignment on the injured person's claims settlement. Prescribes health care provider lien and assignment conditions and compromise requirements. Subjects liens filed for services provided beginning January 1, 2023, to certain conditions and compromise requirements.

Background

Any health care provider, health care institution or ambulance entity that provides care and treatment or transportation services to an injured person may assert a lien on the injured person's claims settlement to recover costs associated with the services provided. A county that maintains, operates or provides health care services may impose an assignment on an injured person's settlement for costs associated with the care and treatment or transportation of the injured person. The lien or assignment extends to all claims of liability or indemnity, except health insurance and underinsured motorist and uninsured motorist coverage benefits ([A.R.S. § 33-931](#)).

In order to perfect a lien, a health care provider or health care institution must record a verified written statement with the county recorder in the county where the health care provider or health care institution is located within 30 days after an injured person receives any medical services or is discharged. The statement must include: 1) the dates of services received by the injured person; 2) the amount claimed due for services; 3) the name and address of the injured person; and 4) the name and location of the health care provider or health care institution. Within five days after recording the claim or lien, the health care provider or health care institution must mail a copy to the injured person and either mail or provide notice to all persons, firms or corporations and insurance carriers liable for damages, as applicable ([A.R.S. § 33-932](#)).

A release of claims on which a lien or assignment is given or any judgment on that claim is not valid or effectual against the lien or assignment unless the lienholder or assignee joins in the release or executes a release of the lien or assignment ([A.R.S. § 33-934](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Prohibits a health care provider, a health care institution or an ambulance entity from recovering an injured person's medical payment coverage when asserting a lien on the injured person's claims settlement.

2. Prohibits a county that maintains, operates or provides health care services from recovering an injured person's medical payment coverage when asserting an assignment on the injured person's claims settlement.
3. Exempts the first \$20,000 of any third-party judgement, settlement or award from a health care provider lien or assignment.
4. Stipulates that, if services provided are covered by the injured person's health insurance or similar medical benefit plan in which the health care provider has a contract, the contract must expressly allow the claimant to assert a lien or assignment and the absence of the contract provision deems any lien or assignment as invalid and unenforceable.
5. Specifies that the lien amount exemption and health care provider contract provision requirement do not apply if the health care services provided to an injured person are not covered by the person's health insurance or if the injured person is not covered by health insurance.
6. Allows a claimant to enforce a lien or assignment for the amount of an injured person's responsibility for outstanding copayments and deductibles due under the person's health insurance or medical benefit plan.
7. Requires a health care provider to compromise any valid and enforceable lien or assignment to provide a settlement of the claim that is fair and equitable.
8. Requires a health care provider, when determining the extent of the compromise, to consider the following factors:
 - a) the nature and extent of the patient's injury or illness;
 - b) the sufficiency of insurance or other sources of indemnity available to the patient;
 - c) the nature and complexity of the services rendered;
 - d) the amount the health care provider customarily accepts from other payors in full satisfaction of the billed charges;
 - e) the total amount of the third-party judgment, settlement or reward;
 - f) other valid statutory liens attached to any third-party judgment, settlement or award;
 - g) the patient's attorney fees and costs;
 - h) any reductions agreed to by other claimants;
 - i) other valid claims against the third-party judgment, settlement or award, including health insurance reimbursement and subrogation claims; and
 - j) any other factor relevant to a fair and equitable settlement under the circumstances of a particular case.
9. Allows an injured person whose care, treatment or transportation is subject to a lien or assignment to file an action for judicial determination of an appropriate compromise of the lien or assignment, if the parties cannot agree on a compromise.
10. Prohibits a prevailing party in a health care provider lien or assignment judgement from recovering the statutorily authorized attorney fees.
11. Applies the health care provider lien conditions and compromise requirements to liens filed for services that are provided beginning January 1, 2023.

12. Makes technical and conforming changes.

13. Becomes effective on the general effective date.

Amendments Adopted by Committee of the Whole

1. Specifies that the lien amount exemption and health care provider contract provision requirement do not apply if the health care services provided to an injured person are not covered by the person's health insurance or if the injured person is not covered by health insurance.
2. Removes the requirement for a lien for a claimed amount due that is \$20,000 or less to be promptly released on written request.
3. Adds additional factors to be considered when determining the extent of a compromise on a valid health care lien or assignment.
4. Makes conforming changes.

Senate Action

FIN 1/19/22 DP 6-2-2

Prepared by Senate Research

February 24, 2022

MG/slp